



Senate

General Assembly

January Session, 2009

File No. 145

Senate Bill No. 867

Senate, March 24, 2009

The Committee on Housing reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING STATE ASSISTANCE FOR PRESERVATION OF THE STATE HOUSING PORTFOLIO.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2009*) (a) For purposes of this
2 section, "state assistance" means a payment by the state of actual debt
3 service, comprised of principal, interest, interest rate swap payments,
4 liquidity fees, letter of credit fees, trustee fees and other similar bond-
5 related expenses.

6 (b) Not later than October 1, 2009, the state, acting by and through
7 the Secretary of the Office of Policy and Management and the State
8 Treasurer, shall enter into a contract or contracts with the Connecticut
9 Housing Finance Authority that provide the state shall pay to said
10 authority state assistance on bonds issued by said authority for
11 purposes of providing financial assistance by said authority for the
12 preservation of housing units in the housing loan portfolio that was
13 transferred from the Department of Economic and Community
14 Development to the Connecticut Housing Finance Authority pursuant

15 to section 8-37uu of the general statutes as an additional purpose
16 pursuant to the provisions of section 8-252 of the general statutes and
17 costs of issuance, in an aggregate principal amount not to exceed two
18 hundred million dollars. Such financial assistance may be in the form
19 of grants, loans, deferred loans, no interest or low interest loans, loan
20 guarantees, interest subsidies and similar financings to provide
21 reasonable repair, deferred maintenance, rehabilitation and
22 revitalization costs and replacement reserves. Any provision of such a
23 contract entered into providing for payments equal to annual debt
24 service shall constitute a full faith and credit obligation of the state and
25 as part of the contract of the state with the holders of any bonds or
26 refunding bonds, as applicable, appropriation of all amounts necessary
27 to meet punctually the terms of such contract is hereby made and the
28 State Treasurer shall pay such amounts as the same become due. The
29 Connecticut Housing Finance Authority may pledge such state
30 assistance as security for the payment of such bonds or refunding
31 bonds issued by said authority for such purposes. Any bonds so issued
32 for the housing loan portfolio by the Connecticut Housing Finance
33 Authority and at any time outstanding may at any time or from time to
34 time be refunded, in whole or in part, by the Connecticut Housing
35 Finance Authority by the issuance of its refunding bonds in such
36 amounts as the authority may deem necessary or appropriate but not
37 exceeding an amount sufficient to refund the principal amount of the
38 bonds to be so refunded, any unpaid interest thereon, and any
39 premiums, commissions and costs of issuance necessary to be paid in
40 connection therewith. The state, acting by and through the Office of
41 Policy and Management and the State Treasurer and without further
42 authorization, may execute an amendment to any contract providing
43 state assistance as required in connection with such refunding bonds.

44 (c) Notwithstanding any contract entered into by the state with the
45 Connecticut Housing Finance Authority for state assistance, the bonds
46 or refunding bonds to which such state assistance applies shall not
47 constitute bonds or notes issued or guaranteed by the state within the
48 meaning of section 3-21 of the general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2009</i>	New section
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HSG *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes the Treasurer to enter into a \$200 million contract assistance agreement with the Connecticut Housing Finance Authority (CHFA), a quasi-public agency, to provide financial assistance related to the preservation of housing units in the housing loan portfolio. The total General Fund cost for this agreement is \$305 million, assuming that the CHFA bonds are issued over 20 years at a 5.0% interest rate. The first year that the state will experience these costs depends on when the CHFA bonds are issued.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 867*****AN ACT CONCERNING STATE ASSISTANCE FOR PRESERVATION OF THE STATE HOUSING PORTFOLIO.*****SUMMARY:**

This bill requires the state to pay “state assistance,” or debt service, on up to \$200 million in bonds issued by the Connecticut Housing Finance Authority (CHFA) for preserving of housing units in the portfolio of state-funded low-income housing. Currently, the portfolio consists of over 17,700 housing units in 109 communities.

EFFECTIVE DATE: July 1, 2009

FINANCING HOUSING PORTFOLIO IMPROVEMENTS

The bill requires the state, acting through the treasurer and the Office of Policy and Management secretary, to enter a contract or contracts with CHFA, by October 1, 2009, to require the state to pay state assistance on bonds CHFA issues to provide financial assistance to preserve housing loan portfolio units. CHFA may provide grants, various loans, loan guarantees, interest subsidies, and similar financing for reasonable repair, deferred maintenance, rehabilitation, and revitalization costs and replacement reserves of the housing. Any contract provision providing for payments equal to annual debt service must constitute a full faith and credit obligation of the state.

BACKGROUND

Public Act 02-5 of the May 2002 Special Session, transferred the housing loan portfolio to CHFA from the Department of Economic and Community Development (DECD). Public Act 02-1, May 2002 Special Session authorized \$85.0 million from CHFA to DECD to implement the transfer.

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 10 Nay 0 (03/10/2009)